

CAPITOL STREET

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2025 Hospital Outpatient Rates +3.5%

ASC Pay +2%; Maternal, Tele & Mental Health Policy Expands Access

Relevant Companies



This morning, CMS released the proposed CY 2025 Hospital Outpatient & Ambulatory Surgery Center (ASC) rule ([here](#)). The proposed policies will affect 3,500 hospitals and 6,100 ASCs. Final rates and policies will be released on or about Nov 1, 2024.

»» Our Take & Next Up

The proposed outpatient hospital pay rates is better than expectations (+3.5% for proprietary hospitals) and generally neutral-to-positive news for some MedTech & Biopharma manufacturers. Comments are due by Sept. 9, 2024, and the final rule is due on or around Nov 1, with new payments and policies that start Jan 1, 2025. Rural hospital rates (+2.8%) are slightly stronger than urban ones (+2.4%) for CY25. CMS also proposes policies to improve OB/maternal health via staffing requirements, aims to expand telehealth and mental health services. We published a separate note today on Radiopharmaceutical and Non-opioid (*No Pain Act*) policies [here](#). Separately, we expect to see the proposed physician fee schedule this evening given references to the PFS in the Hospital Outpatient/ASC rule proposal published this morning.

»» Key Points

HOPD 2025

Proprietary hospitals would see a +3.5% update in 2025 (UHS, THC, HCA, Others). Voluntary hospitals would see a +2.3% increase, and government hospitals would see a +2.4% increase in 2025. Final rates will be posted by Nov 1.

Hospital outpatient departments will see an update of +2.4% in 2025, based on the proposed inpatient hospital market basket percentage increase of +3.0%. This is lower than last year's increase of +3.0%. Urban hospital outpatient departments would see a +2.4% increase, but rural hospital departments would see a greater update of +2.8%.

AMBULATORY SURGERY CENTERS

Surgery centers (ASC) would see a pay update of +2.2% in 2025. The estimated update is +2% for all surgical specialty groups but gastrointestinal, which is estimated to have a +3% increase. In light of the impact of the PHE on healthcare utilization, CMS is extending their policy to update the ASC payment system using the hospital market basket update an additional 2 years – through CYs 2024 and 2025.

Gastro wins with pay +3% in 2025. All others are +2% and includes cardiovascular, musculoskeletal, eye, nervous system and genitourinary procedures performed in an ASC.

MENTAL HEALTH / TELEHEALTH FLEXIBILITIES

In-person requirement for mental health services flexibility provided. CMS states that if the rules requiring in-person visits for mental health services billed through Medicare telehealth are delayed in the future, they plan to make the rules for remote mental health services (provided to people at home using technology) match the rules for Medicare telehealth services in future updates.

Virtual direct supervision details in PFS (likely also released today). CMS references a proposal made to revise the definition of direct supervision to extend the availability of virtual direct supervision of therapeutic and diagnostic services through December 31, 2025. More details will be available in the 2025 Physician Fee Schedule proposed rule.

Other bits & bobs: data, four walls, and PHP/IOP pay (forthcoming in fee schedule or [here](#)).

- CMS proposes to make data for the Psychiatric/Mental Health Patients stratification available on Care Compare and invites public comment on this proposal.
- CMS proposes an exception to the four walls requirement for clinics that are primarily organized for the care and treatment of outpatients with behavioral health disorders, including mental health disorders and substance use disorders.
- CMS proposes 2025 PHP and IOP per diem costs for 3- and 4-services. More information will be available in the CY 2025 Physician Fee Schedule proposed rule, as well as on the CMS website ([here](#)).

MATERNAL HEALTH

With maternal mortality statistics in the US being what they are, CMS is proposing new OB services conditions of participation (or CoP).

- This includes proposed requirements for the organization, staffing, and delivery of OB services and staff training.
- CMS is proposing revisions to the current hospital and CAH QAPI, hospital and CAH emergency services requirements, and hospital discharge planning requirements specific to OB services and solicits comments on whether these proposed requirements should also apply to rural emergency hospitals (REHs).
- CMS' Action Plan for Maternity Care can be found in more detail [here](#).

INPATIENT ONLY (IPO) LIST

CMS is proposing to add three new services to the IPO list.

- CPT code 0894T (Cannulation of the liver allograft in preparation for connection to the normothermic perfusion device and decannulation of the liver allograft following normothermic perfusion),
- CPT code 0895T (Connection of liver allograft to normothermic machine perfusion device, hemostasis control; initial 4 hours of monitoring time, including hourly physiological and laboratory assessments (e.g., perfusate temperature, perfusate pH, hemodynamic parameters, bile production, bile pH, bile glucose, biliary)
- CPT code 0896T (Connection of liver allograft to normothermic machine perfusion device, hemostasis control; each additional hour, including physiological and laboratory assessments (eg, perfusate temperature, perfusate pH, hemodynamic parameters, bile production, bile pH, bile glucose, biliary bicarbonate, lactate levels, macroscopic assessment)).

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